



Terry E. Branstad
GOVERNOR

OFFICE OF THE GOVERNOR

Kim Reynolds
LT. GOVERNOR

November 16, 2012

The Honorable Kathleen Sebelius
US Department of Health & Human Services
200 Independence Avenue Southwest
Washington, DC 20201

Dear Secretary Sebelius:

My top priorities as governor are to protect the health, safety and welfare of Iowans, promote our State's fiscal well-being and ensure our State remains a leader in job creation and income growth. I write you today to inform you that Iowa will continue on its path to creating an Iowa-based exchange that is intended to protect the health of Iowans, ensure the integrity of our health insurance markets and safe-guard our State budget from unnecessary turbulence. I continue to have concerns that an intrusive Federal exchange would raise costs on individuals and businesses, making it harder for them to create jobs and raise family incomes in Iowa. In fact, I have even greater concern that the health benefit exchanges proposed in the Patient Protection and Affordable Care Act (PPACA) do nothing to address the quality of care or make our population healthier.

However, I cannot provide you with a set of timelines or complete details about the exchange until our State receives clear, binding rules from your Department. Forcing an exchange decision on states based on an arbitrary timetable, would be like forcing a consumer to buy a car without knowing the vehicle's price tag or fuel economy. If forced to make a decision with incomplete information, then I have no choice but to default on some level to a Federal exchange. That is not my preferred path forward. Recently, I recommitted to my long-time pledge to work in a bipartisan fashion with Iowa legislative leaders and that pledge applies to our Federal partners as well. We have not abandoned our legal responsibility to create an exchange; however, the path towards consensus rests with you and Health and Human Services leadership. Our intention is not to default to a Federal exchange, but the road blocks and impediments in front of us may leave us no choice.



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As a former governor, I trust you know the challenges states face when trying to navigate the murky waters of implementing a Federal mandate without clear guidance. In Iowa, formal rulemaking not only binds both the State and stakeholder to a clear set of expectations, it also allows for predictable and formal opportunities for stakeholder input that citizens deserve.

Iowa, like many states, has worked diligently, and met all deadlines for health benefit exchanges. We are updating vital systems and technology within our State, officials have met with critical stakeholders for input on exchanges and we have a solid framework for how an exchange could operate in Iowa. However, we continue to struggle with too many unanswered questions on topics critically important to the final development of an exchange that meets the needs of Iowans, including the cost of building and operating an exchange. Practical considerations will be guiding all states with the looming deadlines set by PPACA.

It is my hope that you will work with my State, and others, to address our questions and give us the flexibility and information we need to address the real challenges we face when trying to make decisions with incomplete guidance. Enclosed please find a list of issues and questions on which we seek specific guidance. Building a state-based exchange at all costs is not an option for any state. If Iowa must have an exchange, the exchange must provide solutions to the unique health care problems Iowa faces at an affordable and sustainable cost.

Sincerely,

A handwritten signature in black ink, reading "Terry E. Branstad". The signature is fluid and cursive, with the first name "Terry" and last name "Branstad" clearly visible.

Terry E. Branstad
Governor